Avoided Forest Conversion through Smart Growth Offset Program

The Forestry Working Group recommends that the state develop a program that would provide incentives to local jurisdictions to implement Smart Growth Policies that reduce pressure for forest conversion within the state and thus statewide GHG emissions from forest conversion. The program would be funded through the issuance and sale by the state of emission credits equivalent to reductions in statewide forest conversion emissions due to the program. Because the program would be targeted at the county and city level, it would match desired land use outcomes with emission reduction incentives.

I. Recommended Offset Program Policies

1. The State should establish a program that credits reductions in forest conversion emissions achieved through a suite of Smart Growth policies, including a Transfer of Development Rights (TDR) mechanism.

2. The State would quantify the reduction in statewide forest conversion emissions achievable through the implementation of these Smart Growth Policies and factor them into the state's greenhouse gas target. The state would then set-aside allowances, or allowance revenue, equal to these emission reductions for implementation of the program. Revenue from the sale of these allowances would be allocated to participating cities and counties that implement Smart Growth Policies required by the program and meet program performance standards, i.e.
   A. Cities accepting TDRs
   B. GMA-planning Counties that permit/encourage on-site clusters and conservation villages
   C. Non-GMA-planning Counties and Cities that choose to implement pilot projects or programs

3. Participating jurisdictions would be allowed to use program revenue for specific uses that meet program objectives, such as addressing TDR receiving area needs, or to support family forestry activities through technical assistance or incentive payments.

4. CTED and DNR, with input from a stakeholder committee, should be tasked to develop the program design and administrative procedures based on the recommended criteria below, specifically:
   A. Elaboration of Smart Growth policies, program requirements and performance standards to promote permanent, verifiable reduction of statewide emissions from forest conversion that are not subject to leakage from displaced development.
   B. A statewide baseline of forest conversion emissions that takes into account county-specific conversion rates and risks, and an estimate emission reductions achievable through the program.
   C. Data needs for jurisdictional reporting requirements.
   D. Allocation of program revenue to participating jurisdictions, based on performance standards.
   E. GMA policy language to facilitate participation by all GMA-planning counties and cities within these jurisdictions.

5. The State should ensure that jurisdictions acting to advance forest conservation through Smart Growth projects be prioritized for the State's limited infrastructure resources.

II. Recommended Criteria for Smart Growth Policies

CTED should establish Smart Growth policies that rely upon a transfer of development rights from forest lands (sending areas) into three categories of receiving areas: cities, conservation villages and on-site clusters, in order of preference from a carbon emission reduction standpoint and for other policy reasons. Transfers into cities should be strongly incentivized, while conservation villages and on-site clusters should be allowed according to criteria established for each (see below). Permanent conservation of the TDR sending land through a conservation easement should be required to assure achievement of carbon emission reduction goals. In addition, all eligible sending areas should demonstrate the establishment of a long-term forest management plan for the protected property which could range from forest-health, ecosystem management, to selective harvest, to industrial forestry. All GMA-planning jurisdictions should be required to address forest conversion through Smart Growth policies during their next comprehensive plan update.

Additionally, CTED should establish Smart Growth Policies for Non-GMA counties that would enable those counties to participate in the program should they so choose.

Program participation requirements for all jurisdictions should included standards for

a. Leakage: demonstration that the same number of housing units or type of use has been provided for in an alternative Smart Growth development project.
b. Permanence: standards for conservation easement language, monitoring and enforcement funding, eligible holders (e.g. counties) or assigns (e.g. land trusts).
c. Other matters such as criteria for conservation villages or clusters to address fire-defense, compatibility or buffering to avoid potential conflicts with existing adjacent uses (particularly ongoing forestry), proximity to public roads of sufficient capacity, and the like.

Additional requirements should apply for specific jurisdictions:

a. Cities
    i. Through purchase of TDR a developer in a city would be given certain unique benefits, such as increased height, increased density, reduced parking requirements, development in a neighborhood with a planned action ordinance and a completed neighborhood level SEPA/EIS process.
    ii. We recommend that cities accepting TDR from forest or farm land receive preferential access to infrastructure and planning funding to support neighborhood quality of life in receiving areas.
b. GMA-planning Counties
    i. Conservation Village Transfers
        1. Conservation Villages are innovative conservation tools that minimize impervious surfaces, promote green building standards and significantly increase land conservation.
        2. Conservation Villages use Transfer of Development Rights, a market-based tool in which landowners volunteer to sell the right to develop their land to areas where greater density is more appropriate, permanently protecting farms and forests.
        3. In order to ensure significant public benefit and carbon emission reductions high performance measures should be established for authorization (refer to HB 1998).
    ii. On Site Clusters

1. Current zoning regulation often allows for clustered developments in the rural area with small amounts of conserved lands. Some counties allow clustered development on forest zoned lands, while others do not.
2. We recommend authorization of clustered development on forest resource land so long as a high performance bar is established to ensure public benefit and carbon emission reductions, criteria should include such things as fire-defense, adjacency to other residential uses, proximity to public roads of sufficient capacity, buffering to ensure protection of long-term forestry, and a long-term forest management plan for the protected property (the sending area) which could range from forest-health, ecosystem management, to selective harvest, to industrial forestry.
3. We recommend that counties not award density bonuses for forest zone clusters, but consider offering density bonuses for rural clusters to address market demands, so long as the cleared footprint does not increase.

c. Non-GMA Counties and Cities
   i. Incentive programs encouraging compact development projects or policies.
   ii. Technical assistance in creating pilot projects or policies that allow jurisdictions to participate should they so choose.

III. Calculation and Crediting of reductions in emissions from forest conversion

a. The program baseline against which emission reduction would be calculated should be the emissions from "traditional", business-as-usual conversion of the forest land area in the state, based on county-level assessments. The standard for these assessments should be established jointly by CTED and DNR, with input from a stakeholder committee. The assessment should:
   i. Be based on some combination of Forest Inventory Assessment (FIA) data, forest zoning and Current Use Taxation (CUT) data, and parcel-level data currently being developed by UW College of Forest Resources in partnership with the Family Forest Foundation.
   ii. Include information about current zoning, issuance of rural and forest zone building permits or other proxies for establishing background rate of conversion at the county level.
   iii. Include information on lot and road clearing generated from traditional rural and forest zone development patterns, as compared to the proposed Smart Growth alternatives, and recognizing the significant benefits accrued from urban development where conversion is already presumed, as compared with either clusters or conservation villages.